

VIA AIRPOUCH

~~TOP SECRET~~

CONTROL

Copies sent to Col. Wright - 14 and 13 September 1946

*Col. Sabney, 16 Sept. 46
Mr. Lacy, 16 Sept. 46 (2)*

SUBJECT: Detailed Procedure for Liquidation of SSU Activities Overseas

1. Reference Cable WASH 2689 dated 5 September 1946 signed by the Director, SSU, advising that all SSU overseas establishments will be liquidated at close of business on 19 October 1946.
2. Every effort was made to include as many essential instructions as were necessary in the above cable. However, the procedures below are intended to supplement in greater detail those which were mentioned in the above referred to cable. In some cases, there may be slight duplication.

OPERATIONS

25X9

~~TOP SECRET~~

TOP SECRET

- 2 -

5. To carry out the provisions of the liquidation and adhere to existing regulations, it is necessary for the Chiefs of Missions or Stations or their authorized representatives to issue a termination notice (copy attached) to all civilian employees. This letter must be delivered to the employee not later than 19 September, which is 30 days prior to the effective date of termination, and to be effective as of the close of business 19 October 1946.

6. Any civilian employees under your jurisdiction who are not to be appointed to CIG should be returned to this headquarters by the fastest available surface transportation. Military transportation should be used at no cost to SSU wherever possible. In any event, all such employees should be enroute to the United States by 1 October 1946. In the event arrival in the U.S. does not take place on or before 19 October 1946, extensions of the effective date of termination will be issued by the Washington Office.

7. In order to accomplish the appointment of employees to the CIG so as to prevent delay in payments of salary, allowances, etc., the following forms must be completed or signed according to the following instructions, and returned so as to reach this office not later than 1 November 1946:

(a) Personnel Action Request - Form #37-1 - All of the information which can be supplied by this office will be inserted on the face of the form. It should be reviewed, information added where required, and signed by the employee concerned. Likewise, a complete statement of the duties performed by the employee should be given on the reverse under "Job Description", using the space under "Special Qualifications" if necessary (See Par. 7(b) below). The completed form should then be reviewed and signed by the authorized officials at your headquarters. It is requested that no changes in deduction, payments, or allotments be made at this time. The original and one copy, both signed, must be returned to Washington.

(b) Application for Federal Employment - Standard Form #57 - This form should be completed in duplicate by the employee according to the printed instructions and attached to the "Personnel Action Request". The use of this form will eliminate the necessity for a statement of "Special Qualifications", which is called for on the "Personnel Action Request". Both copies must be returned to Washington.

(c) Combined Oath, Affidavit, Declaration, etc. - Standard Form #61a - All required information on both sides of this form should be supplied by the employee who is to be appointed to the CIG. This form should not be signed prior to the effective date of appointment, 20 October 1946, and the signature should be witnessed by any Officer who is authorized to administer oaths.

(d) Letter of Appointment - The letter of appointment should be completed from the information contained on the "Personnel Action Request", and signed by the Chief or Acting Chief of your mission or station. Concurrently with the execution of the Oath, the employee should be given the letter of appointment. After becoming acquainted with its contents, it should be signed by the employee as evidence of the acceptance of the terms of appointment and should be attached to the other forms for transmittal to Washington.

TOP SECRET

TOP SECRET

- 3 -

(e) Leave Transcript - Complete information regarding unused leave balances standing to the credit of both vouchered and unvouchered SSU employees to be appointed to CIG must be supplied and transmitted with the other required forms. (See Paragraph 12).

(f) Employee's Withholding Exemption Certificate - Form #W-4 - For those employees whose status will require tax deductions, forms have been prepared in this office and are enclosed. They should be signed by the employee, attached to the other forms, and returned to Washington.

(g) Bond Deduction Form - Treasury Dept. Form #2254 - Forms will be prepared in this office for those now authorizing bond deductions. The form should be signed by the employee for transmittal to Washington. It is desirable that no changes in amount of deductions, etc., be made at this time in order that delays will not result in effecting payments of salary. Outstanding individual bond deduction balances on vouchered employees as of 19 October will be refunded.

8. As stated in Paragraph 7 above, it is absolutely essential that all of the forms discussed in that paragraph be signed by the employee and/or the authorized officials of your headquarters, and transmitted in the required number of copies via air pouch to Washington so as to arrive not later than 1 November 1946. Since a great amount of review will be required, any delays in receipt will cause corresponding delays in payments of salaries and allowances.

MILITARY AND NAVAL PERSONNEL

9. When the information requested in our Cable #WASH 2689 is re-



FINANCE

PAY ROLL

11. All overseas salary payments and all living and quarters allowances due vouchered funds employees will be paid to them on the regular pay roll for the period ending COB 19 October 1946. Since this will represent the final payment of overseas salary and L&Q to the employee by the SSU, overseas Finance Officers will make a complete audit of past payments to the employee to be sure that the final payment is correct. The final pay roll should contain the notation that the employees listed thereon were terminated as of COB 19 October 1946. All employees leaving Washington on and after 10 September for duty overseas will be placed on Special Funds payroll prior to their departure.

LEAVE

12. All leave earned by SSU employees should be computed by the overseas Finance Officers and the balance of unused leave as of COB 19 October should be reported on "Leave Transcript", form attached. In cases where the

TOP SECRET

25X9A2

~~TOP SECRET~~

- 4 -

unused balance of leave standing to an employee's credits is not available, then the date of his entrance on duty or arrival at overseas post will be shown and the amount of leave taken while at his overseas post will be indicated. One copy of "Leave Transcript" will be retained by the field Mission and the original forwarded to the Fiscal Division, Washington, D. C. A leave transcript must be furnished to Washington covering those employees who are to be returned to the U.S. This transcript must be forwarded to Washington simultaneously with departure of employees.

AGREEMENTS AND CONTRACTS COVERING RECURRING SERVICES

13. All formal or informal contracts or agreements covering recurring services such as rents, utilities, etc., which were executed in writing in the name of the SSU and paid from vouchered funds must be terminated in writing effective not later than COB 19 October 1946. Where necessary the termination date may coincide with the end of a pay period under the contract provided such date is not later than 19 October. The services themselves may of course be continued and paid for from CIG Special Funds. Care should be exercised in terminating contracts and agreements to be sure that renewals or continuance of the services are possible, and to prevent any loss or disadvantage to the government through sacrificing rent advances, desirable terms, etc. (For Special Funds contracts, see Paragraph 40.)

LIQUIDATION OF SSU OBLIGATIONS

14. Immediate efforts should be made to settle all outstanding obligations against the SSU. All outstanding obligations incurred by SSU prior to 20 October 1946 should be paid on or before 31 October 1946 from SSU balances in the field. On 1 November 1946 all paid vouchers representing expenditures of vouchered funds should be forwarded to Washington with a Special Transmittal Letter in the usual manner. After 31 October any vouchered funds obligations which are presented for payment in the field will be forwarded on to Washington for settlement.

TRAVEL

15. In the case of vouchered funds employees who are under SSU orders in a travel status as of midnight 19 October 1946, the SSU orders will cease to be effective as of 12:01 AM 20 October 1946 and all expenses incurred after that time will be paid from CIG funds. Under no circumstances will travel expenses incurred in traveling for the SSU before 20 October 1946 be included on the same voucher with travel expenses incurred on and after 20 October 1946 for the CIG. As previously instructed by cable, every effort will be made to restrict travel of employees, except terminated SSU employees enroute to the U.S., during the month of October to prevent confusion in connection with their termination by SSU and appointment by CIG.

PROCUREMENT

16. A request is being made to the War Department to rescind Memorandum AGAO-S-D-M 400 (2 Jul 46) dated 9 July 1946, Subject: "Supplies and Equipment for the Strategic Services Unit", to be effective close of business 19 October 1946. A new memorandum (Top-Secret) will be issued by the War

~~TOP SECRET~~

*Abstract of part pertaining to Procurement
(16 items 19) sent to Major Melson 21 Oct. 46*

TOP SECRET

25X1

- 5 -

17. Stations and missions should continue to forecast their requirements for all types of equipment and supplies which are not procurable locally and forward requisitions covering such requirements to Washington.

18. As of 20 October 1946, missions and stations are required to take a complete and accurate inventory of all expendable and nonexpendable property. The inventory should be taken by location and forwarded in duplicate to Washington. A sample of WD AGO Form No. 444, "Inventory Adjustment Report", is attached. This form may be reproduced in the field. This report must be signed by the Chief of Mission.

19. At the present time a new procedure is being developed for the

25X1

TRANSPORTATION

20. It is expected that the Army will continue to furnish transportation services where they are available, and an effort is being made to clear this with the War Department as soon as possible. Therefore, until further notice, such services should be obtained from the Army.

SECURITY

21. Personnel to be retained by CIG and who have not previously completed a Personal History Statement (Form SA-1, sample of which is enclosed), will be required to do so immediately. Completed forms will be forwarded to this office as expeditiously as possible to reach this office on or before 1 November 1946.

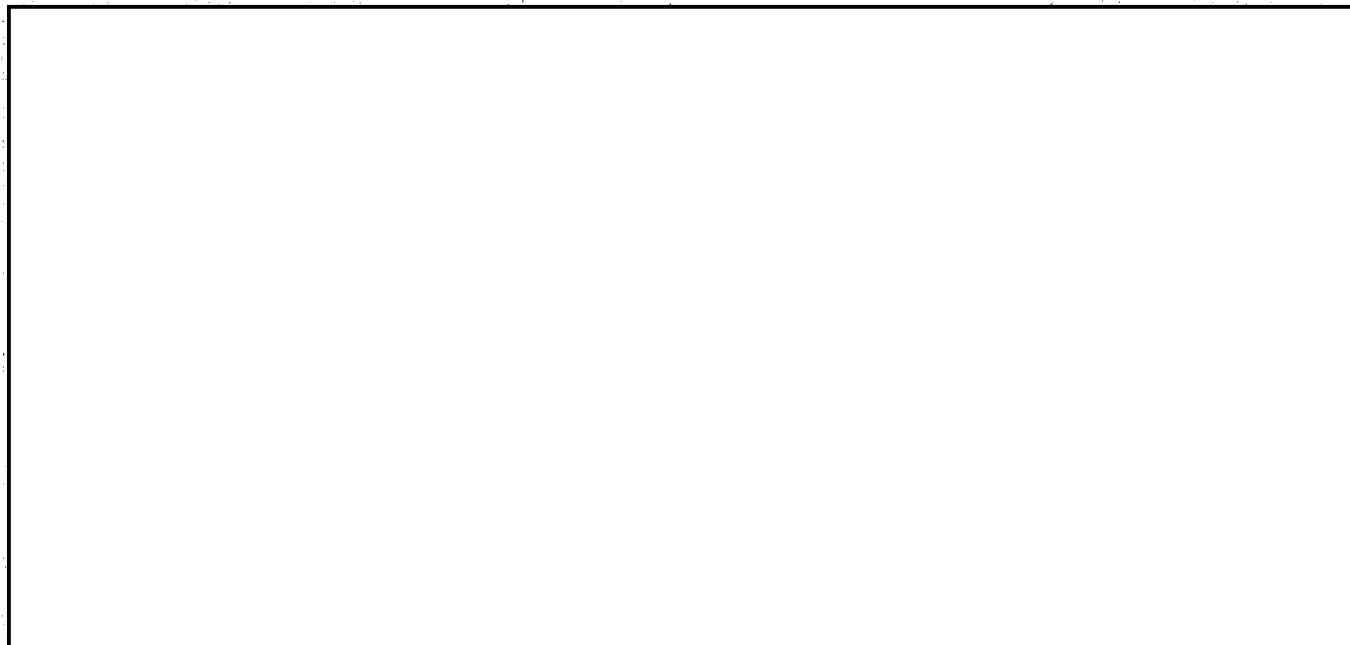
22. Each Chief of Mission will submit to the Washington Office in the form of a certificate, a list of those persons being retained by CIG whose morals, character, honesty, loyalty, discretion and integrity are, in his opinion, beyond question.

TOP SECRET

TOP SECRET

- 6 -

23. Chiefs of Missions will also submit a memorandum to Washington on each individual who he determines should not be retained by CIG and the reason for such determination, and a recommendation on possible future use by CIG.

SPECIAL FUNDS

27. Effective 20 October 1946, CIG Special Funds will be used exclusively to continue such operations as are authorized and directed.

28. This termination of SSU and activation of CIG activities will require all Offices, Missions, Posts, and Stations, and individuals utilizing Special Funds in the field to make an accounting cut-off COB 19 October 1946.

29. A new and entirely independent set of books (or series of accountings as the case may be) must be started as of 20 October 1946.

30. The separation as indicated above must be complete and absolute from an accounting standpoint.

31. Special Funds Field Representatives should take the following action regarding Special Funds files, records, books and reports:

(a) Prepare new books, to be opened as of 20 October 1946 along the general lines of SSU books now being utilized. For information and guidance in this direction, a complete set of instructions and procedures are being forwarded by Special Funds, Washington, under separate cover, to such posts as security permits,

(b) All standard forms to be used in connection with the CIG books should be revised to eliminate all reference to SSU, OSS, or COI, and conform to existing security requirements.

TOP SECRET

- 7 -

(c) New files, and such other records that are maintained, should be prepared for all individuals, projects, etc., being transferred and/or remaining active.

(d) Take such other steps as may be necessary to afford complete segregation of records.

(e) On 20 October 1946 and monthly thereafter until further notice, transfer to the new books an amount of foreign currencies of all types required, estimated to be adequate for one month's operation of CIG activities. In the SSU books, this transfer should be charged to "Transfers - Washington" with the explanation "In accordance with Washington instructions by memorandum dated 13 September 1946." In the CIG books, this transfer should be recorded in a special account opened in the control journal under the heading "Balances Forwarded." A subsidiary record of this account should be maintained detailing the exact type, amount and rate of all funds so transferred. The transfer should be adequate to cover the month's operations so that additional transfers will not be required during the month.

32. SSU books and records should be retained and in the present form. The new CIG Special Funds accounting and pay roll procedure referred to in Paragraph 31(a) are applicable only to the CIG financial records and are not to be applied to the SSU financial records during the final liquidation period.

33. All outstanding accounts and advances should be called as at 19 October 1946. Where it is impossible to obtain accountings on or near that date, the accountings should be obtained as soon thereafter as possible. If the period covered by accounting extends beyond that date, two accountings should be rendered -- one up to and including 19 October 1946, and the other to start with 20 October 1946. As accountings are submitted through 19 October 1946, expenses and other transactions should be recorded in SSU books and the balance outstanding should be transferred to CIG books in the following manner:

(a) In the SSU books, charge or credit "Transfers - Washington" itemizing each transfer and identifying clearly by name or appropriate symbol with the explanation "In accordance with Washington instructions in memorandum dated 13 September 1946."

(b) In the CIG books, such transfers should be recorded in the control journal in the special account described in Paragraph 31(c) above, and details of each transfer, including type, amount and exchange rate comprising the balance as being transferred, should be recorded in subsidiary records.

34. Upon receipt of CIG funds from Washington, the procedure for cash transfers described in Paragraph 31(c) above should be discontinued, and the cash balances remaining on SSU books should be held separately and retained pending specific instructions from Washington as to disposition.

35. Old transactions, claims and obligations incurred prior to 20 October 1946 should be liquidated with funds held on the SSU books and recorded therein.

TOP SECRET

- 8 -

36. A complete report should be issued from SSU books as at COB 19 October 1946. Beginning with 31 October 1946 and continuing until SSU books are closed, two separate monthly reports, on a calendar month basis, should be issued to Washington, covering the activities of SSU and CIG respectively.

37. There should be included in the monthly CIG reports a schedule of the account "Balances forwarded", detailed to show the amount, type, and rate of all funds transferred and the amount, type and rate of funds comprising the balance of advance accounts transferred.

38. All transfer of account notices and other memoranda issued after 19 October 1946 should clearly state whether the transaction is for SSU or CIG records.

39. Information necessary to establish new pay roll records as of 20 October 1946 will be found in the forms and instructions issued to handle these forms in that section of this letter dealing with Personnel.

40. All contracts and agreements covering recurring services, such as rents and utilities, now being financed with Special Funds should be handled in a manner that is compatible with security and operational requirements.

GENERAL

41. All forms, reports or other documents requested herein shall be classified according to their content. However, the package or packages containing all of the forms and data requested herein shall be classified and handled as Top Secret. The outer wrapper will be addressed to the Director.

42. Any questions which arise in connection with the above procedures which require clarification by Washington should be requested by cable as soon as possible. Likewise, any additional information which has not been included in the cable or this pouch letter will be transmitted to you by cable as the questions arise.

25X1

Colonel, Infantry
Director, SSU

TOP SECRET

WAR DEPARTMENT
The Adjutant General's Office
Washington 25, D. C.

AGAO-S-3-100 ()

SUBJECT: Supplies and Equipment for the Central Intelligence Group

TO: Commanding Generals,
Army Air Forces
Army Ground Forces
Commander-in-Chief,
Army Forces, Pacific
Commanding Generals,
Theaters of Operations
Caribbean Defense Command
Alaskan Department
Armies
Military District of Washington
Ports of Embarkation
Independent Commands under the War Department
Commanding Officers,
Ports of Embarkation
Chiefs of Technical Services

1. Authority. The War Department is responsible, in accordance with existing legal authority, for furnishing personnel, funds, and facilities to the Central Intelligence Group. This memorandum pertains only to the issue of supplies, equipment and/or the furnishing of services to that organization.

2. Procurement. The Director of Central Intelligence may at his discretion or at the discretion of his authorized representative procure supplies, equipment or services for that organization within the limits of funds made available by the War Department for the purpose of supporting the activities of the Central Intelligence Group. The Director of Central Intelligence or his authorized representative may also procure supplies and equipment or services required by the Central Intelligence Group from the Army Air Forces or from the Technical Services of the War Department. The War Department or any of its activities will not request reimbursement for any supplies, equipment, or services furnished to the Central Intelligence Group within the zone of interior or any overseas theater.

3. Supply Procedures.

a. Within the Zone of Interior:

Issue of standard or non-standard items of equipment available from the Army Air Forces and the Technical Services will be effected by appropriate requisition in the manner prescribed by the War Department activity concerned. Programming of future requirements will not be required except in such instances where by agreement between the Central Intelligence Group and a War Department activity, programming will be requested for certain classes of equipment.

25X1

TOP SECRET

DRAFT

AGAO-S-D-M 400 () (Cont'd)

b. Overseas:

(1) Commanding Generals of existing Theaters of Operation are authorized to issue or furnish all classes of supplies, equipment or services which are required by the Central Intelligence Group overseas missions or personnel within the boundaries of their commands upon proper requisition signed by an authorized representative of that agency.

(2) Supplies and equipment issued to a Central Intelligence Group mission will be replenished upon proper requisition by the Theater Commander through existing channels when replenishment is necessary or desirable, in which case reference to the original procurement document submitted by the Central Intelligence Group overseas mission must be made.

4. Accountability. Supplies or equipment issued to the Central Intelligence Group by any activity of the War Department within the zone of interior or overseas shall be considered expended upon issue and obtaining proper receipt therefor. No further accountability or inspection of records as to reissue or use of such property shall be sought. It shall be the responsibility of the Director of Central Intelligence to issue and/or direct the use of such equipment or supplies in accordance with existing governmental regulations or policies.

5. Security. Commanding Generals shall maintain records of issues of supplies, equipment or services furnished to the Central Intelligence Group in an extremely secure manner in order to avoid the identity of its mission, personnel or objectives which may be determined from such records. Commanding Generals are requested to make such arrangements with authorized representatives of the Central Intelligence Group as are appropriate and are mutually agreeable for the maintenance of adequate security.

6. In all instances of requisitioning by the Central Intelligence Group within the zone of interior or within a Theater of Operation, this letter will be considered as the basic authority for such issue and no other authority shall be requested or required.

BY ORDER OF THE SECRETARY OF WAR:

25X1

Major General
The Adjutant General